

Acting Chief, USSR Branch, D/A

7 March 1957

TIRU : Acting Chief, Industrial Division  
Chief, Shipbuilding Branch

Turnover Tax in the Soviet Shipbuilding Industry.

REF(a): Economics of the Shipbuilding Industry by A. S. Kreps, Leningrad  
1955, WDD Partial Translation R-1103 dated 11 February 1957.

1. The referenced Soviet technical book provides rather firm evidence that the turnover tax in the building of merchant vessels in the USSR amounts to one percent of the cost of production of the of the product. Chapter XIII Section 43 explains that in Soviet industry there are two types of prices - the factory price (which equals the cost of production plus the net profit) and the wholesale price (the sum of the factory price and the turnover tax). Two examples are given of cost estimates which show the turnover tax, Tables 22 and 26. In each of these tables the turnover tax is shown as 1 percent of the cost of production of the ship and in Table 26 there is shown in parenthesis after the tax the statement "1 percent of total cost of production".

2. While all references in the text are to merchant ship construction it appears logical to assume that the same tax is assessed for naval shipbuilding since the state is the purchaser in each case.

3. It is understood that the referenced text will be published as WDD Translation #626.

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